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Retail Trade: How the Provinces Fared in 2007

by Franklin Assoumou Ndong and Lucy Chung

Distributive Trades Division
11th Floor, Jean Talon Building, Ottawa, K1A 0T6

Telephone: 1-800-263-1136

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Franklin Assoumou Ndong and Lucy Chung

Review Committee: John Flanders, Mary Beth Garneau, Paul Gratton, Serge Grenier, Jane Lin and Cara Williams

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E-Mail inquiries: analysisinbrief-analyseenbref@statcan.ca

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Retail Trade: How the Provinces Fared in 2007

Franklin Assoumou Ndong and Lucy Chung, Distributive Trades Division

Summary

Canadian retailers on the whole had a banner year in 2007, as the annual rate of growth in their sales was the second highest in five years. Employment in the retail trade industry reached parity for the first time with employment in manufacturing.

In terms of sales, retailers sold an estimated $412.0 billion worth of goods and services in 2007, up 5.8%, the second highest growth rate since 2002. One factor for the strength in the retail market may be that for the first time since 2004, total employment rose in every province.

On a regional basis, retail sales in Saskatchewan surged 13.0%, the largest increase in the nation for 2007 and the province's fastest annual growth rate since the series first began in 1991. This was twice the growth rate in 2006.

Retailers in Alberta slipped from first to second place in 2007 with a 9.3% increase in sales, in contrast to their double-digit growth of the previous three years. Retailers in Newfoundland and Labrador and Manitoba were close behind. Those in British Columbia fell from second place among the provinces to sixth, but still posted their second highest sales gain since 1995.

In both Quebec and Ontario, retail sales growth was below the national average. Ontario's share of Canadian retail sales has declined for the seventh consecutive year. The below-average growth in Quebec occurred despite record sales gains for the province's pharmacies and personal care stores.

After registering the weakest increase in sales among the provinces in 2006, retail sales rebounded in 2007 in Newfoundland and Labrador. The sales gain of 9.0%, the second fastest pace since 1991, was due mainly to the automotive sector.

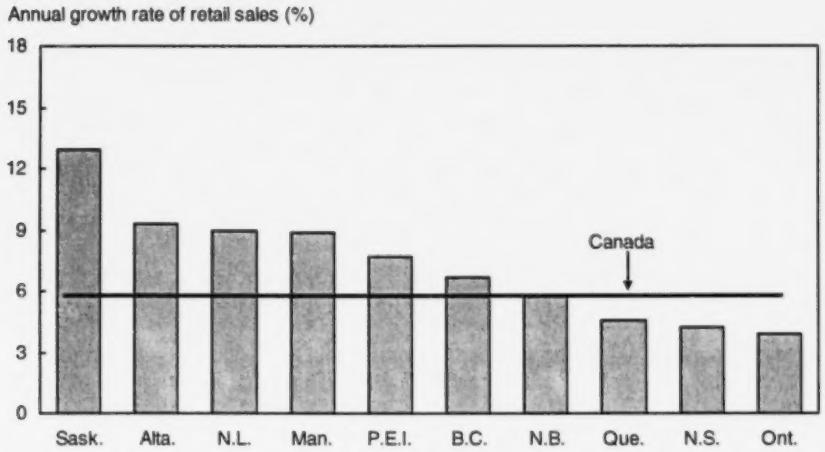
Nova Scotia posted one of the weakest growth rates among all the provinces, while the growth rate in Prince Edward Island hit an eight-year high. The growth rate in New Brunswick decreased compared to the previous year.

At the national level, 3 of the 18 retail trade groups posted double-digit growth rates in 2007. Sales increased 12.2% at home furnishings stores, the fastest growth rate, followed by an 11.1% rise at gasoline stations, which was propelled by the combined effect of higher prices of gasoline, the number of road motor vehicles registered and the kilometres travelled. Sales at home electronics and appliance stores increased 10.4%, continuing their upswing of the last few years.

For Canada as a whole, for every $100 consumers spent in retail stores in 2007: $18.70 went to new car dealers, $16.00 to supermarkets, $11.80 to general merchandises stores, $11.30 to gasoline stations, and $6.90 to pharmacies and personal care stores. Consumers spent the rest in other retail trade groups.

This study presents a statistical profile of the retail trade industry's performance on a province-by-province basis for 2007 using data from the Monthly Retail Trade Survey.

Chart 1 Saskatchewan takes the lead as widespread growth evens the playing field for retail sales in 2007



Source: Statistics Canada, CANSIM table 080-0015.

Note to readers

Users are cautioned that sales by store type do not necessarily reflect all sales of their main commodities. Most stores sell goods beyond their main product offerings. For example, estimates of sales at supermarkets do not necessarily reflect all sales of food in Canada.

Other trade groups (such as convenience and specialty food stores and general merchandisers) are involved in food retailing and account for at least one-quarter of food sales in retail stores in Canada.

Meanwhile, about one-fifth of sales at supermarkets consist of products other than food and beverages, such as household paper products, toiletries and non-prescription drugs.

For comparison purposes, data from the New Motor Vehicles Sales Survey will, at times, exclude the wholesale component of heavy trucks and buses where indicated.

Data used for this study are accurate as of the date of publication. Due to possible revisions, discrepancies between data from the Monthly Retail Trade Survey used in this issue and data released from Statistics Canada at other times may arise.

National picture: Retail sales just keep on growing

In total, retailers sold an estimated $412.0 billion worth of goods and services in 2007, up 5.8% from the previous year, the second highest growth rate since 2002. Between 2000 and 2007, retail sales in Canada increased at an average annual rate of just over 5.0%.

Sales at gasoline stations accounted for about one-fifth of the growth between 2006 and 2007, while new car dealers, and pharmacies and personal care stores accounted for roughly one-tenth each.

Fastest growth in home furnishings stores

Three of the 18 retail trade groups posted double-digit growth rates in 2007. Again, sales by home furnishings stores—which include floor covering and window treatment stores—exhibited the fastest growth, rising 12.2% to $6.0 billion. However, these stores accounted for only 1.5% of total retail sales in Canada.

Sales by gasoline stations, which are closely tied to changes in the price of gasoline and the number of motor vehicles registered, reached $46.4 billion in 2007, up 11.1%. This was faster than the 8.9% gain posted in 2006, but still below the large hikes in 2004 and 2005, when the price of gasoline skyrocketed.

In 2007, the Consumer Price Index (CPI) for gasoline rose 4.5%, the weakest increase since 2002, while road motor vehicle registrations rose 3.3%.

Sales by home electronics and appliance stores rose 10.4% to $12.3 billion in 2007, continuing the upswing seen over the past several years. Here too, the fast increase occurred despite lower prices last year. The evolving technology for this trade group's main products (such as televisions, computers, telephones and electronic game systems) continued to fuel demand while prices declined.

Table 1 Retail sales by trade groups, Canada, 2006 and 2007

	Sales		Annual growth rate
	2006	2007	
	$ thousands		%
New car dealers	74,531,294	76,884,437	3.2
Used and recreational motor vehicle and parts dealers	17,286,485	18,673,771	8.0
Furniture stores	9,557,971	10,052,545	5.2
Home furnishings stores	5,337,566	5,990,888	12.2
Computer and software stores	1,502,138	1,421,294	-5.4
Home electronics and appliance stores	11,146,207	12,305,866	10.4
Home centres and hardware stores	20,121,303	21,412,698	6.4
Specialized building material and garden stores	4,640,904	5,057,058	9.0
Supermarkets	63,764,705	65,842,535	3.3
Convenience and specialty food stores	9,324,575	9,885,046	6.0
Beer, wine and liquor stores	15,095,117	16,139,984	6.9
Pharmacies and personal care stores	26,055,029	28,249,366	8.4
Gasoline stations	41,753,288	46,387,582	11.1
Clothing stores	17,226,570	18,247,536	5.9
Shoe, clothing accessories and jewellery stores	5,399,551	5,606,537	3.8
Sporting goods, hobby, music and book stores	9,994,327	10,553,860	5.6
General merchandise stores	46,497,734	48,590,816	4.5
Miscellaneous store retailers	10,250,310	10,735,442	4.7
Total	389,485,074	412,037,263	5.8

Source: Statistics Canada, Monthly Retail Trade Survey, CANSIM table 080-0015.

Below-average growth for the three largest retail trade groups

The three largest retail trade groups — new car dealers, supermarkets and general merchandise stores — all recorded sales gains below the overall retail sales average of 5.8% in 2007.

As in previous years, new car dealers were the main contributors to total retail trade activity in 2007, accounting for 18.7% of total retail sales. Their sales hit $76.9 billion, up 3.2% from 2006. Sales growth at these dealers has slowed over the past two years.

Supermarkets, the second largest trade group, accounted for 16.0% of total activity. Their sales were up 3.3% to $65.8 billion. Two key factors affecting sales in these stores are shifts in population

and changes in price. Canada's population increased by 1.0% in 2007, while the Consumer Price Index indicated that the price of food purchased in stores rose on average 2.7%.

General merchandise stores, the third largest trade group, accounted for 11.8% of total activity. Sales for this group, which includes department stores, warehouse clubs, superstores and home and auto supplies stores, rose 4.5% to $48.6 billion. This is the third consecutive year of below-average sales gains for this group.

For first time, retail and manufacturing have equal level of employment

For the first time in 2007, the retail trade industry had as many employees as the manufacturing sector in Canada.

Employment edged up in the retail sector last year, while it declined again in the manufacturing sector, according to the Survey of Employment, Payroll and Hours.

An average of almost 1,790,000 people were working in retail jobs, up 4.4% from 2006. At the same time, employment in manufacturing declined 3.0% to just over 1,784,700.

As a result, it was estimated that over 5,000 more people were working in the retail sector in 2007 on average than there were in manufacturing. This difference is not statistically significant which means practically that the two sectors had equal number of workers.

According to the Survey of Employment, Payroll and Hours, the biggest growth in retail employment last year occurred in supermarket and then in building material and garden equipment stores.

While employment levels in both the retail trade and the manufacturing sectors was virtually the same, average hourly wages were very different. For example, according to the same survey, the average hourly wage for retail workers last year was $14.87, compared with $21.66 in the manufacturing sector. Manufacturing jobs traditionally paid more than retail jobs. In the last 10 years, the average hourly wages in the manufacturing sector was around $19.50 while it was $13.70 in the retail sector.

Table 2 Retail sales by province and territory, 2006 and 2007

	Sales		Annual growth rate
	2006	2007	
	$ thousands		%
Newfoundland and Labrador	6,026,052	6,566,710	9.0
Prince Edward Island	1,512,203	1,628,906	7.7
Nova Scotia	11,162,525	11,636,090	4.2
New Brunswick	8,813,671	9,318,387	5.7
Quebec	86,708,909	90,663,289	4.6
Ontario	140,807,766	146,252,302	3.9
Manitoba	12,869,564	14,007,988	8.8
Saskatchewan	11,494,826	12,984,044	13.0
Alberta	55,941,811	61,159,774	9.3
British Columbia	52,837,107	56,365,394	6.7
Yukon	451,307	500,270	10.8
Northwest Territories	599,509	679,113	13.3
Nunavut	259,825	274,996	5.8
Canada	**389,485,074**	**412,037,263**	**5.8**

Source: Statistics Canada, Monthly Retail Trade Survey, CANSIM table 080-0015.

British Columbia: Second best year since 1995

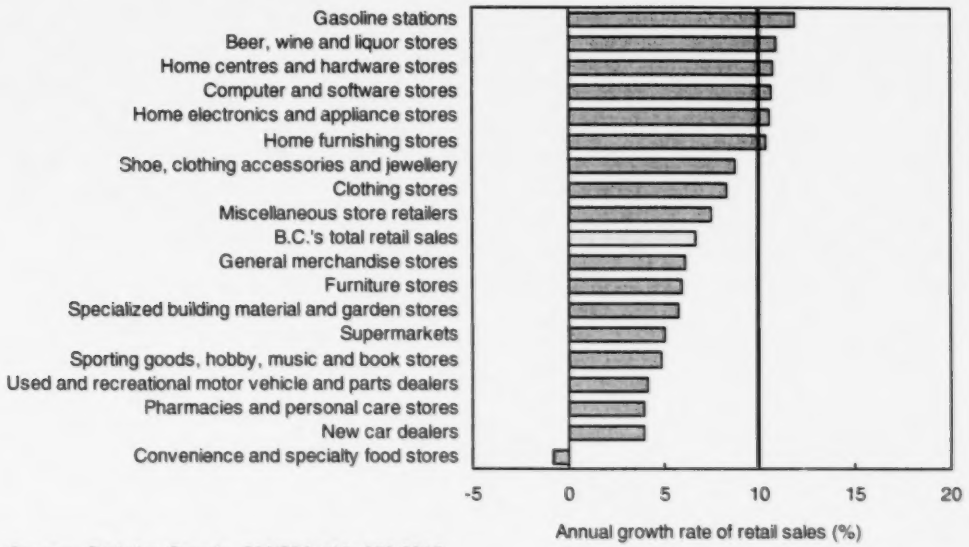
Retail sales in British Columbia increased 6.7% to $56.4 billion in 2007, a slight deceleration from the previous year. As a result, the province slipped from second to sixth place in terms of provincial growth rates.

Still, it was British Columbia's second best year since 1995 with respect to growth. Sales rose for all retail trade groups, except for convenience and specialty food stores, where they edged down 0.8%.

Retail sales in British Columbia have been supported by a steady influx of people since 2002. The province's population rose 1.4% in 2007, the second highest growth rate in the country. Total employment grew 3.2%, while its unemployment rate was 4.2%, one of the lowest unemployment rates among the provinces. Average hourly wages in British Columbia increased 2.9% in 2007.

Sales continued to be strong in most of the housing-related trade groups, although they increased at a slower rate than the previous year. Sales at home furnishings stores and home electronics and appliance stores maintained a double-digit pace in 2007.

Chart 2 In 2007, only one trade group showed negative growth for retail sales in British Columbia



Source: Statistics Canada, CANSIM table 080-0015.

Home centres and hardware stores posted a 10.7% sales increase in 2007. Sales in this trade group has been risen since 2000 at an average annual growth rates of 15.3%. This was in line with related provincial indicators such as housing starts and building permits, both of which started experiencing double-digit growth rates in 2001 after several years of declines.

Sales at gasoline stations rose 11.9% in 2007 as both the price of gasoline and the number of motor vehicles registered continued to rise.

Retail spending at British Columbia's new car dealers increased 3.9%. Sales at these dealers were stagnant for several years. In 2007, they registered their best performance in five years. After spiking at 14.0% in 2006, sales at used and recreational vehicles and parts dealers rose only 4.2% in 2007, the slowest pace among all provinces.

Sales at supermarkets grew 5.0%, the highest provincial growth rate for this type of store. The Consumer Price Index for food purchased in stores rose 2.6% in 2007 for this province. Sales growth at beer, wine and liquor stores was also the strongest among the provinces in British Columbia at 10.9%.[1]

Alberta: Growth in retail sales slips to second place

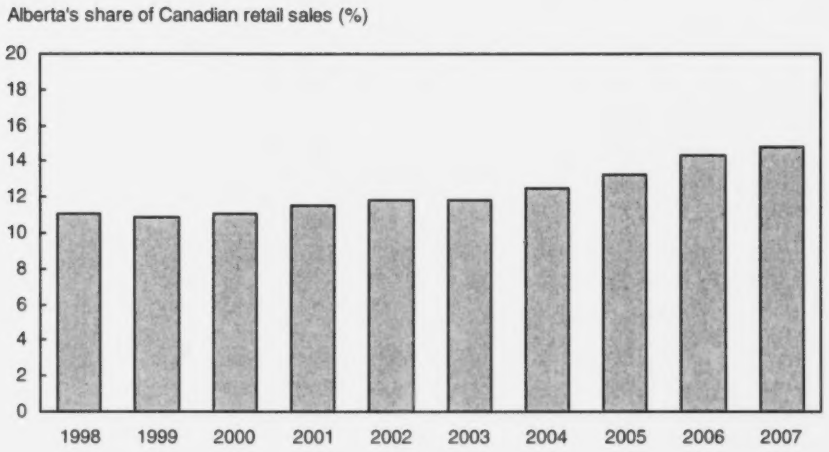
After leading the provinces in annual retail sales growth for three consecutive years, Alberta slid to second place in 2007. Still, its retail sales grew by a healthy 9.3% to $61.2 billion, which was well above the national average.

1. Note that some jurisdictions outside British Columbia allow the sales of beer and wine outside of beer, wine and liquor stores. Readers should interpret this provincial comparison with caution.

The Alberta economy advanced 3.3% in 2007, down from the much higher growth rates registered in the past three years. Still, growth in this province was above the national average. A downturn in oil and gas exploration dampened growth. Strong population growth and tight labour market conditions continued to push up personal income and, in turn, personal spending. Growth in hourly average wages was 6.1%, the highest in the country and well over the national average of 3.5%. Total employment rose 4.7% in Alberta, the strongest increase in the country.

Alberta's share of total retail sales in Canada grew to 14.8% in 2007. The province's share has been growing since 2000, when it accounted for 11.0% of the total.

Chart 3 Alberta's share of total retail sales in Canada grew in the last few years



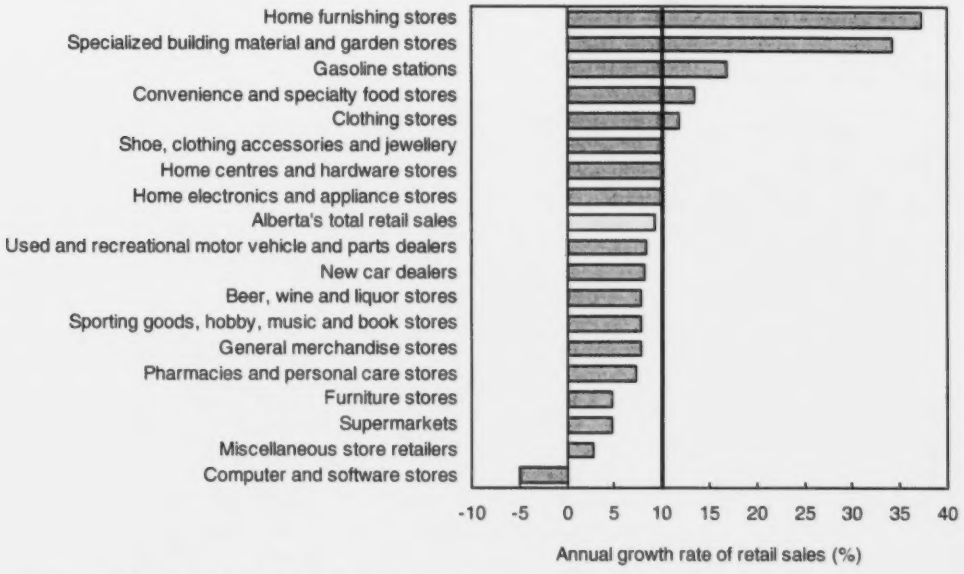
Source: Statistics Canada, CANSIM table 080-0015.

Alberta retail sales growth decelerated in 15 of the 18 retail trade groups.

The performance of the automotive sector was the main reason for the deceleration in the overall growth rate of sales in Alberta. Sales at new car dealers grew 8.1% in 2007, down from 19.4% in 2006. However, this gain was far above the national average of 3.2%. Used and recreational vehicles and parts dealers saw sales increase 8.3%, well below the pace of 30.2% in 2006.

Sales at gasoline stations continued to be strong in 2007, up 16.7%. Alberta led all provinces in growth of gasoline prices, according the CPI, with a 6.6% increase. Motor vehicle registrations also increased by 6.6%.This was the highest increase of registrations among provinces in 2007.

Chart 4 Healthy growth in most housing-related retail trade groups in Alberta in 2007


Home furnishing stores
Specialized building material and garden stores
Gasoline stations
Convenience and specialty food stores
Clothing stores
Shoe, clothing accessories and jewellery
Home centres and hardware stores
Home electronics and appliance stores
Alberta's total retail sales
Used and recreational motor vehicle and parts dealers
New car dealers
Beer, wine and liquor stores
Sporting goods, hobby, music and book stores
General merchandise stores
Pharmacies and personal care stores
Furniture stores
Supermarkets
Miscellaneous store retailers
Computer and software stores
-10 -5 0 5 10 15 20 25 30 35 40
Annual growth rate of retail sales (%)

Source: Statistics Canada, CANSIM table 080-0015.

Sales in most housing-related retail trade groups experienced healthy growth in 2007. Home furnishings stores experienced strong sales growth at 37.4%. Home centres and hardware stores sales grew 10.0%, however, their growth decelerated by almost a third from 2006. Sales in home electronics and appliance stores experienced another solid year with a 9.9% sales growth, still lower than the 14.4% registered in 2006. Sales in furniture stores rose only 4.8% % in 2007 after double-digit growth in the previous three years.

This deceleration was reflected in a number of indicators of housing activity. According to Canada Mortgage and Housing Corporation, housing starts fell 1.3% in Alberta in 2007, after growing 19.9% the previous year. The value of residential and non-residential building permits issued in Alberta rose by 13.4%, just above the national average in 2007. In 2005 and 2006, Alberta led the other provinces with an average annual increase of 37.6% in building permits.

In supermarkets, sales rose a healthy 4.7% in 2007, slightly lower than the 5.4% annual average growth since 2003. Sales at beer, wine and liquor stores rose 7.9% after phenomenal growth of 12.6% in 2006.

Spending at general merchandise stores, which includes department stores, warehouse clubs, superstores and home and auto supplies stores, grew 7.8% in 2007. This was on par with the average annual growth rate over the previous 10 years, excluding the spike in 2006 when sales grew at twice that rate.

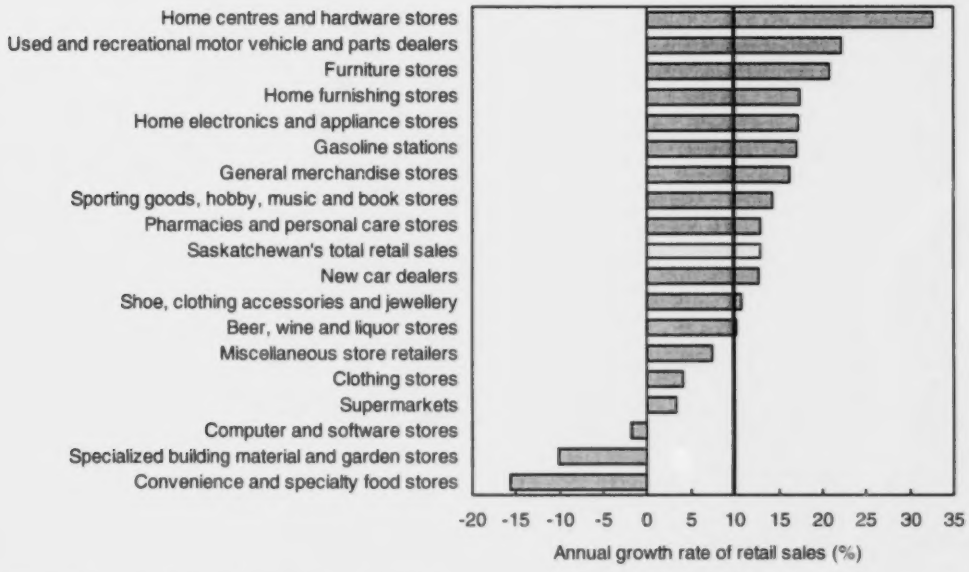
Saskatchewan: Year of firsts

Fuelled by a growing resource economy and significant population growth, 2007 was a year of firsts for Saskatchewan for many dimensions. For the first time since 1991, Saskatchewan ranked first in annual retail sales growth.

Retail sales in Saskatchewan increased 13.0% to $13.0 billion in 2007, twice the growth rate of 2006. It was the first time that the growth in sales exceeded the 10% mark. Prior to 2007, sales in Saskatchewan had been steadily rising at an annual average pace of 4.6%, after a pause in 1998.

Sales in Saskatchewan accounted for 3.2% of the national total, but were responsible for 6.6% of last year's total growth.

Chart 5 The majority of trade groups in Saskatchewan attained double digit sales growth in 2007


Home centres and hardware stores
Used and recreational motor vehicle and parts dealers
Furniture stores
Home furnishing stores
Home electronics and appliance stores
Gasoline stations
General merchandise stores
Sporting goods, hobby, music and book stores
Pharmacies and personal care stores
Saskatchewan's total retail sales
New car dealers
Shoe, clothing accessories and jewellery
Beer, wine and liquor stores
Miscellaneous store retailers
Clothing stores
Supermarkets
Computer and software stores
Specialized building material and garden stores
Convenience and specialty food stores
-20 -15 -10 -5 0 5 10 15 20 25 30 35
Annual growth rate of retail sales (%)

Source: Statistics Canada, CANSIM table 080-0015.

Strong retail spending in Saskatchewan has been buoyed by healthy economic activity, especially in the resource sector, where the province's rich endowment of uranium, potash and oil has benefited many areas of the province.

Saskatchewan tied its highest employment growth in over 20 years at 2.1%. An equal increase last reported in 1997. This led to the second lowest provincial unemployment rate ever at 4.2%. Average hourly wages in Saskatchewan increased 4.9%, nearly twice the rate of inflation in that province.

Thanks to inter-provincial migration, Saskatchewan's population rose 0.8% in 2007 after a decade of either stagnant or declining population. This pace was fourth among provinces and the highest in

22 years. Saskatchewan benefited from an increase in the number of people leaving Alberta to live elsewhere in Canada.

In this buoyant economic context, retail sales flourished, and the rate of growth in 12 of the 18 retail trade groups exceeded the 10% mark. Stores in housing-related retail trade groups registered 4 of the five strongest gains.

Home centres and hardware stores were busy again in 2007, with sales growing at a record pace of 32.7%. This followed average annual sales growth of 21.4% from 2003 to 2006. Sales at these stores represented 6.2% of total retail sales in Saskatchewan, but contributed 13.4% of the province's retail sales growth in 2007.

Fuelling this activity in home centres and hardware stores was growth in construction in Saskatchewan. The value of both residential and non-residential building permits issued has increased at double-digit rates from 2005 to 2007. Last year it was up 44.6%, the highest growth rate since 1977. Saskatchewan led the country in growth in housing starts, which jumped 61.7% in 2007.

Furniture stores sales rose 20.9%, nearly triple the pace in 2006. It was also four times the national growth rate for this retail trade group, and the highest growth rate among the provinces. Home furnishings stores experienced a 17.6% growth in sales, well above the national average. Sales have been strong at this type of store since 2002.

Sales at home electronics and appliance stores grew 17.2%, much higher than the national growth in 2007.

Saskatchewan's automotive retail sector also showed outstanding growth. The province ranked second among the provinces in terms of sales growth at new car dealers. Sales were up 12.6% in 2007 almost triple the pace in 2006. According to the New Motor Vehicles Sales Survey, total dollar sales of new motor vehicles in Saskatchewan were up 13.2% in 2007, driven mainly by sales of trucks. Truck sales soared 16.1%, the highest annual growth in 10 years. Sales at used and recreational motor vehicles and parts dealers grew 22.2% in 2007.

Like other provinces, higher prices for fuel and an increase in the volume of registered vehicles on the road produced a 17.0% jump in retail sales at gasoline stations. A 4.0% increase in motor vehicle registrations and a 5.1% increase in the CPI for gasoline were part of the reason for the jump.

Sales at general merchandise stores recorded their strongest growth ever in Saskatchewan, rising 16.3%, while sales at supermarkets grew 3.3%. General merchandisers represent a larger share of retail sales in Saskatchewan than in other provinces because of co-operatives, which often sell food in addition to general merchandise.

Manitoba: Record sales growth in 10 years

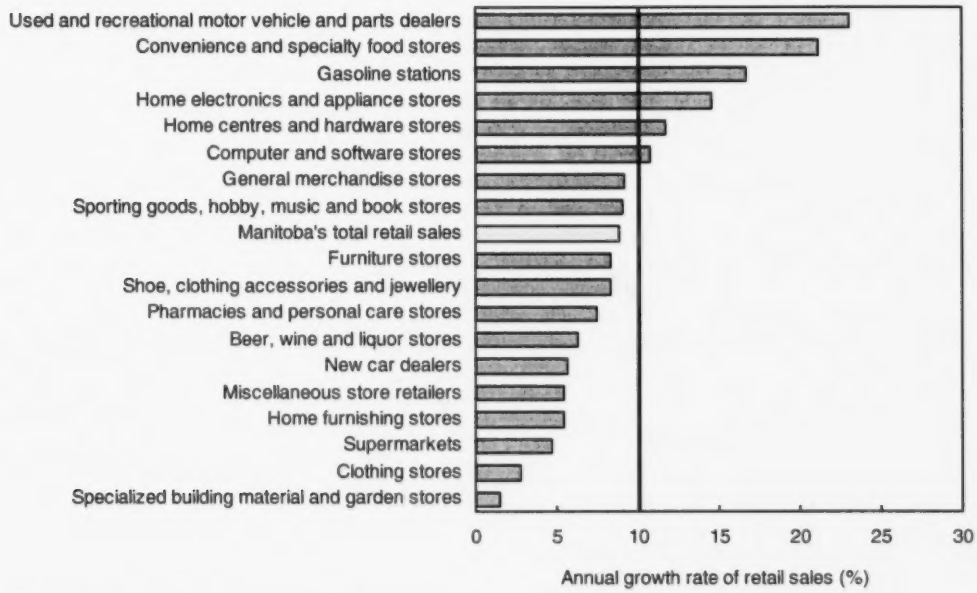
With Manitoba's population rising significantly, retailers in the province had their busiest year in a decade with record sales growth rates in 2007. Retail sales in Manitoba increased 8.8% to $14.0 billion in 2007, the fourth largest increase among provinces.

All 18 retail trade groups in Manitoba experienced sales growth in 2007. Six groups posted double-digit sales growth rates. Of all retail sectors, the automotive sector contributed the most to Manitoba's retail sales growth in 2007. After showing a 4.6% decline in 2006, sales at new car

dealers rebounded by 5.7% in 2007. This was Manitoba's new car dealers' best sales performance in five years.

Spending was substantially increased at used and recreational motor vehicle and parts dealers in 2007. The 23.0% annual sales gain posted by these dealers was the strongest 2007 annual growth rate of all retail trade groups in Manitoba. This was the fourth year since 2001 where this group experienced sales increases of more than 20%. In fact, the average annual growth rate from 2001 to 2007 was 20.5%.

Chart 6 All trade groups in Manitoba experienced sales growth in 2007



Source: Statistics Canada, CANSIM table 080-0015.

As everywhere else in Canada, Manitoba's sales at gasoline stations surged in 2007, up 16.7% from 2006. Gasoline prices at the pump increased 5.0% in 2007 according to the CPI, while motor vehicles registered in Manitoba advanced 3.0%.

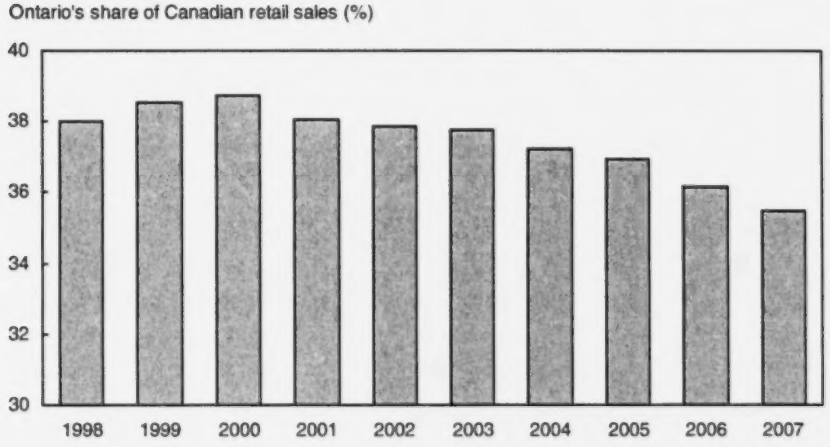
For a sixth year in a row, sales at home centres and hardware stores showed double-digit annual gains in Manitoba. Although weaker than in 2006, the 2007 sales growth rate reached 11.7%. The average annual sales growth for this five-year period reached almost 20%.

Manitoba's GDP grew 3.3%, after posting a 3.2% increase in 2006. Labour income growth of 7.4% had a positive impact on home building and retail trade. Construction investment advanced at a feverish pace, with work ongoing at several large projects around the province. A recovery in manufacturing, particularly of primary metals and transportation equipment, resulted in goods production outpacing services production again in 2007.

Ontario: Again the slowest increase in sales in Canada

Ontario retailers experienced the slowest sales increase in Canada in 2007. Sales rose only 3.9% to $146.3 billion. As a result, Ontario's share of the national total declined to 35.5%, compared with 38.7% in 2000. However, Ontario continues to have, by far, the highest total retail sales among provinces.

Chart 7 Ontario's share of Canadian retail sales down for a seventh year in a row



Source: Statistics Canada, CANSIM table 080-0015.

Ontario's economy partly explained these results. The province's population grew 0.9%, almost on par with the national average. However, its total employment rose only 1.6% while nationally it rose 2.3%. At the same time, Ontario's unemployment rate of 6.4% was slightly higher than the national rate in 2007. Employment in the province's manufacturing sector fell 5.6%, the third loss in a row. Average hourly wages were up 3.0% in Ontario, also below the national average.

The growth in sales in the three trade groups in the automotive sector was slower in Ontario than for the nation as a whole, mainly the result of tougher times for new car dealers whose sales edged down 0.6%. Ontario was the only province in which this group showed a decline in 2007. Sales in the automotive sector represented about one-third of total retail sales in Ontario.

According to the New Motor Vehicle Survey, the number of units sold in Ontario, excluding heavy trucks and buses, fell 1.4% in 2007. This was only the third time in 16 years that sales of new motor vehicles declined in Ontario. Sales at gasoline stations increased 9.5%, pushed by higher gasoline prices and an increase in the number of motor vehicle registrations in Ontario.

Convenience and specialty food stores experienced the highest sales growth rate among Ontario's retailers. Furthermore, the 11.5% sales gain posted by convenience and specialty food stores, a trade group with volatile sales, was the second fastest annual increase in 16 years.

Ontario's beer, wine and liquor stores experienced their fastest sales gain in five years. However, the 4.9% increase was slower than the national average.

Sales at supermarkets in Ontario advanced 2.5% last year, much faster than the sluggish 0.7% pace in 2006. Competition was high for the consumer's food dollar[2], with general merchandisers, convenience and specialty food stores and pharmacies and personal care stores fighting for market share for food, beverages and health and personal care products.

General merchandisers in Ontario experienced their worst growth rate in 14 years, as sales rose by only 1.6%.

Quebec: Pharmacies and personal care stores still leading growth

Retail sales in Quebec reached $90.7 billion in 2007, a 4.6% increase, the fourth consecutive year in which the gain was below the national average and the eighth time in the last 10 years.

This growth rate, the third lowest among all provinces, surpassed Ontario's, thanks to sales at pharmacies and personal care stores. These retailers had their best year since data were first collected for this statistical series in 1991. The sales for this type of store accounted for 9.2% of the provincial total but it represented a contribution of 26.8% to the growth.

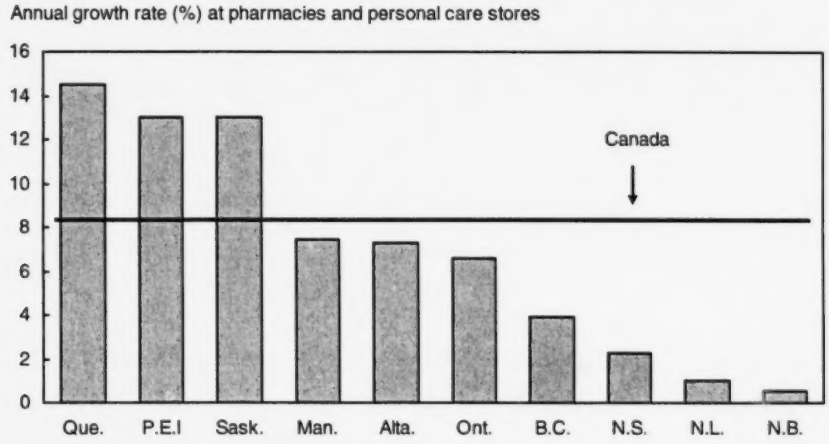
Quebec's economic indicators were mixed. The province had a slower population growth than the national average in 2007. However, its employment rose 2.3% in 2007, and its unemployment rate fell. Quebec's full time employment also increased 1.9%, the best gain in five years. However, average hourly wages grew by 2.5%, which was one percentage-point slower than the national average.

Quebec's economic activity accelerated to 2.4% from 1.7% in 2006. Labour income rose 5.8% as many Quebec government employees received a notable pay equity settlement. Personal spending was up 4.6%, mostly on durables. High commodity prices boosted mining activity, offsetting the weakness in forestry and wood products industries. GDP in Quebec's manufacturing sector rose 0.8%, thanks in part to strong production of aerospace products and machinery and equipment.

Sales at pharmacies and personal care stores surged again in 2007, with a 14.5% increase. A particularity of this type of store in Quebec is that any store incorporated as a pharmacy must be owned and operated by a pharmacist. In contrast to other provinces, pharmacies located in supermarkets and general merchandise stores are included in the pharmacies and personal care stores trade group.

2. See Guillaume Dubé, "Canadian Retailers Competing for the Consumer's Food Dollar", *Analysis in Brief*, Statistics Canada, Catalogue No. 11-621-MIE2006038, April 2006, http://www.statcan.ca/english/research/11-621-MIE/11-621-MIE2006038.htm (accessed March 20, 2008).

Chart 8 As in 2006, Quebec had the strongest growth in pharmacies and personal care stores in Canada in 2007



Source: Statistics Canada, CANSIM table 080-0015.

All three trade groups related to the automotive sector improved their sales in 2007 in Quebec. However, their growth in sales was among the lowest in the country, just above Ontario (except for gasoline stations).

Sales at gasoline stations led the pack with an 8.2% increase, followed by a 6.4% gain in sales at used and recreational motor vehicle and parts dealers, their best performance in six years. Trailing was sales growth at new car dealers (+1.7%).

At home electronics and appliances stores, sales rose 10.6%, the best performance in five years. This was the second highest growth rate among all trade groups in Quebec for the year.

Sales at home centres and hardware stores increased by only 2.3%. This weak performance followed a 10.5% jump in 2006, and a period of very strong gains from 2002 to 2006 that averaged almost 15% in annual growth.

Supermarkets in Quebec showed a modest improvement. Their 2.4% increase in sales was the third lowest among provinces.

Quebec's miscellaneous retail stores and home furnishings stores were the only ones in Canada in which sales declined. It was the worst performance in 10 years for home furnishings stores.

New Brunswick: Second highest growth in eight years

New Brunswick's retail sales growth reached the second highest growth rate in the last eight-years, just behind 2006 growth. Retail sales increased 5.7% to $9.3 billion in 2007. The sales growth in this province was spurred on by sales at gasoline stations, new car dealers and used and recreational vehicles and parts dealers. Altogether, these three retail trade groups contributed to over one-half the sales growth in this province.

Excluding used and recreational motor vehicle and parts dealers as well as new car dealers, sales growth was 4.6% in New Brunswick with supermarkets, the largest trade group in this province, and general merchandise stores, the fourth largest, growing below the national average.

New Brunswick's high sales growth comes in a context of population growth in 2007. It follows a population decline of the previous two years. The province also experienced a 2.3% growth in full time employment, above the national rate. The average wage growth rate was 4.4%, also above the national rate.

New Brunswick's GDP grew 1.6% in 2007, a slowdown from the 3.0% growth of 2006. Exports of forestry and related manufactured products tumbled. The construction of several large projects in the province more than offset weakness centred in the manufacturing sector. Retailers, particularly of big ticket items, benefited from an improved employment picture and accelerating labour income growth.

Nova Scotia: Among the slowest growing provinces

After recording strong growth in 2006, retail sales in Nova Scotia slowed somewhat in 2007, reaching $11.6 billion. The 4.2% increase in retail sales was the second weakest growth rate among all 10 provinces.

A notable deceleration in sales in the automobive sector was the key reason for Nova Scotia's below-average performance. Sales at new car dealers edged up only 1.5% in 2007, down from 2006's solid growth of 6.0%. Sales at used and recreational motor vehicles and parts dealers, a smaller and more volatile trade group in this province, grew 6.8%, down from a remarkable 21.2% gain in 2006.

Excluding used and recreational motor vehicle and parts dealers as well as new car dealers, retail trade in Nova Scotia advanced 4.8%. Increased sales at general merchandise stores were the largest contributors to this growth.

Prince Edward Island: Highest growth in eight years

Retail sales in Prince Edward Island rose 7.7% to $1.6 billion in 2007, achieving its highest growth rate since 1999.

Sales in this province were buoyed by solid growth at gasoline stations, new car dealers and used and recreational vehicles and parts dealers. These three retail trade groups contributed to over half of the retail sales growth in Prince Edward Island.

In 2007, retail sales, excluding used and recreational motor vehicle and parts dealers as well as new car dealers, increased 5.5%, spurred on by a 3.7% sales growth at supermarkets and a 15-year record growth of 13.0% at pharmacies and personal care stores.

Manufacturing rebounded in Prince Edward Island from a 2006 decrease, largely thanks to food production for export. Labour income's strength contributed to growth in personal expenditures, particularly of durables. The province registered an average wage growth rate of 3.2%, and experienced its highest population growth rate in 10 years at 0.4%, the same growth as 2004.

Newfoundland and Labrador: Near record growth after three sluggish years

Retail sales in Newfoundland and Labrador rebounded in 2007 after registering the weakest increase among provinces in 2006. Consumers spent nearly $6.6 billion in retail stores, up 9.0%, their second strongest growth rate since the beginning of the statistical series in 1991.

This growth was due mainly to the automotive sector. Sales by new car dealers jumped 17.3%; they accounted for nearly one-third of total retail sales growth in the province.

According to the New Motor Vehicle Sales Survey, Newfoundland and Labrador experienced the fastest gain in the number of new motor vehicles sold among the provinces in 2007. In addition, sales jumped 24.6% at used and recreational motor vehicles dealers, the second largest contributor to growth.

Excluding used and recreational motor vehicle and parts dealers as well as new car dealers, retail sales grew by 5.6% in Newfoundland and Labrador, the highest growth rate in the last three years. The largest contributors to retail sales growth excluding the automotive sector were sales at general merchandise stores.

The economy in Newfoundland and Labrador surged 9.1%, far outstripping the growth in other provincial economies. This was well ahead of its 3.3% gain in 2006. Increased oil and mineral extraction, combined with strong world commodity prices, became the catalyst for growth in 2007, more than three-quarters of which could be attributed to mining activities.

Oil extraction in the province leapt ahead, thanks to a virtually trouble-free year on its many oil platforms. The second full year of production at the Voisey's Bay nickel mine was also a big contributor.

The province also recorded a 5.2% average growth in wages, above the national average, while the 1.9% annual gain in full-time employment was the best in four years.

Sales growth in Canada's three largest cities below national average

Retailers in Canada's three largest cities saw their 2007 sales lag behind the national average in 2007. Retail sales in Toronto recorded the strongest annual growth of the three with a 5.4% increase, but Vancouver retailers were not far behind with sales increasing 5.1%. Montreal fell short with a 3.4% sales increase, well below the rest of Quebec's overall retail sales performance in 2007.

In 2007, Toronto, Vancouver and Montreal sales together accounted for 30.2% of total retail sales in Canada but their contribution to growth was only 24.6%.